

Disciplinary and Other FINRA Actions

Firms Expelled, Individuals Sanctioned

Harvest Capital Investments, LLC (CRD #40367, Vienna, Virginia) and Dennis Cotto (CRD #3047293, Associated Person, Vienna, Virginia). The firm was expelled from FINRA membership and Cotto was barred from association with any FINRA member in any capacity. The National Adjudicatory Council (NAC) imposed the sanctions following appeal of an Office of Hearing Officers (OHO) decision. The sanctions were based on findings that the firm, acting through Cotto, permitted Cotto to manage and control its securities business and otherwise engage in activities and functions that required registration with FINRA as a general securities principal, even though he was not registered with FINRA, and while he was suspended by FINRA for six months in any capacity. The NAC further found that Cotto failed to produce certain documents at a FINRA on-the-record interview, and the firm, acting through Cotto, failed to respond fully and completely to additional FINRA requests for information. The NAC also found that Cotto willfully failed to amend his Uniform Application for Securities Industry Registration or Transfer (Form U4) to disclose material information. The findings also included that the firm, acting through Cotto, willfully filed false or inaccurate amendments to its Uniform Application for Broker-Dealer Registration (Form BD). **(FINRA Case #2005001305701)**

Malory Investments, LLC (CRD #110936, Los Angeles, California) and Ronald Stein (CRD #434761, Registered Principal, Los Angeles, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was expelled from FINRA membership and Stein was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, the firm and Stein consented to the described sanctions and to the entry of findings that they failed to respond to FINRA requests for information and documents. The findings stated that Stein failed to respond to a FINRA request to appear for an on-the-record interview. **(FINRA Case #2007011152802)**

Reported for January 2009

FINRA has taken disciplinary actions against the following firms and individuals for violations of FINRA rules; federal securities laws, rules and regulations; and the rules of the Municipal Securities Rulemaking Board (MSRB).

Firm Fined, Individual Sanctioned

First Dallas Securities, Inc. (CRD #24549, Dallas, Texas) and Eric Jay Marshall (CRD #2981115, Registered Principal, Grapevine, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$50,000, \$10,000 of which was jointly and severally with Marshall. Marshall was fined an additional \$5,428.07, which included \$428.07 in disgorgement of trading profits, and was suspended from association with any FINRA member as a research analyst for 15 days. Without admitting or denying the findings, the firm and Marshall consented to the described sanctions and to the entry of findings that the firm permitted Marshall and another individual to execute trades in covered securities during a period beginning 30 calendar days prior to and ending five calendar days after publishing research reports concerning the subject companies. The findings stated that the firm permitted Marshall to trade in a manner that was inconsistent with his recommendation, as reflected in the most recent research report the firm published. The findings also included that the firm and Marshall provided a subject company with a draft copy of a research report that contained prohibited information before the report was published. FINRA found that the firm, acting through Marshall, issued research reports that failed to disclose that Marshall and/or a member of his household had a financial interest in the securities of the subject company and the nature of the financial interest. FINRA also found that the firm failed to affirmatively disclose in one research report that an affiliate owned more than one percent of a subject company's common equity securities, and failed to disclose in research reports the risks that may have impeded achievement of the price target stated in each report.

In addition, FINRA determined that the firm's research reports did not include clear, comprehensive and prominent disclosures regarding whether it or any of its affiliates, officers or employees held interests in the subject companies' securities. Moreover, FINRA determined that the firm failed to develop and implement adequate written supervisory procedures reasonably designed to ensure that the firm and its employees complied with the provisions of NASD Rule 2711. Furthermore, FINRA found that the firm failed to provide an attestation to FINRA for a year that it had adopted and implemented procedures regarding compliance with NASD Rule 2711, and failed to develop and implement any written supervisory procedures concerning watch or restriction lists. FINRA also found that the firm failed to develop and implement a Firm Element Continuing Education program, specifically, to develop a written training plan for its covered registered persons.

The suspension was in effect from December 1, 2008, through December 15, 2008. (FINRA Case #2007007161501)

Firms Fined

Albert Fried & Company, LLC (CRD # 1914, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$15,000 and required to revise its written supervisory procedures regarding riskless principal trade reporting; short sale trade reporting; trades reported on the firm's behalf; SEC Rules

203(b)(3)(iii), 203(g), 604 and 606; best execution of customer orders; the three quote rule; NASD Rule 2110 and Interpretative Material 2110-2; NASD Rule 2111 quoting in subject securities as a non-market maker; anti-intimidation/coordination; trading halts; quoting in multiple quotation systems; soft dollar accounts and trading; registration status of employees; continuing education; best execution of not held or specially-priced orders; best execution of volume-weighted average price transactions; and the Order Audit Trail System (OATS) clock. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it reported to the NASD/NASDAQ Trade Reporting Facility (NNTRF) last sale reports of transactions in designated securities it was not required to report; incorrectly reported the second leg of “riskless” principal transactions as “principal” to the NNTRF; failed to submit to the NNTRF, for the offsetting, “riskless” portion of “riskless” principal transactions in designated securities, either a clearing-only report with a capacity indicator of “riskless principal” or a non-tape, non-clearing report with a capacity indicator of “riskless principal”; and failed to report the correct execution time to the NNTRF in one last sale report of a transaction in a designated security.

The findings stated that the firm reported to the Over-the-Counter (OTC) Reporting Facility (OTCRF) last sale reports of transactions in OTC equity securities it was not required to report; incorrectly reported the second leg of “riskless” principal transactions as “principal” to the OTCRF; and failed to report to the OTCRF the correct symbol indicating whether the transaction was a buy, sell or cross in a last sale report of a transaction. The findings also stated that the firm failed to report to the OTCRF the correct symbol indicating whether it executed transactions in reportable securities in a principal, riskless principal or agency capacity; failed to report to the OTCRF the correct symbol indicating whether transactions were buy, sell, sell short or cross for transactions in reportable securities; and failed to decline transactions in reportable securities within 20 minutes after execution when, as the order identifying firm (OEID), the firm was obligated to do so.

The findings also included that the firm failed to provide documentary evidence that it performed the supervisory reviews set forth in its written supervisory procedures concerning riskless principal trade reporting; short sale trade reporting; trades reported on the firm’s behalf; SEC Rules 203(b)(3)(iii), 203(g), 604 and 606; best execution of customer orders; the three quote rule; NASD Rule 2110, Interpretative Material 2110-2 and NASD Rule 2111; quoting in subject securities as a non-market maker; anti-intimidation/coordination; trading halts; quoting in multiple quotation systems; soft dollar accounts and trading; registration status of employees; and continuing education. FINRA found that the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules addressing minimum requirements for adequate written supervisory procedures in the following areas: three quote rule; anti-intimidation; riskless principal trade reporting; short sale reporting; trading halts; soft dollars; best execution of not held or specially-priced orders; best execution of volume-weighted average price transactions; continuing education; and the Order Audit Trail System (OATS) clock. **(FINRA Case #2007008339001)**

Carlton Capital, Inc. (CRD #42533, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$40,000, required to comply with the requirements of the Taping Rule, NASD Rule 3010(b)(2) until February 17, 2012, (an additional three years), and retain an independent consultant to conduct a comprehensive review of the adequacy of its policies, systems and procedures (written and otherwise) and training related to compliance with the Taping Rule, and adopt and implement the consultant's recommendations. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to comply with the Taping Rule, in that it provided certain representatives with access to unrecorded telephone lines, allowed representatives to accept customer orders on unrecorded telephone lines when the representatives were out of the office, and failed to catalog tape recordings that registered persons had made. The findings stated that, during a later period, the firm installed a new system that recorded telephone calls to the hard drives of the computers on representatives' desks, which was not password protected and was backed up by the firm only once a year, and which allowed representatives access to erase recorded telephone calls. **(FINRA Case #2006003684702)**

CIBC World Markets Corp. (CRD #630, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed, within 90 seconds after execution, to transmit to the NASDAQ Market Center (NMC) last sale reports of transactions in OTC equity securities, and failed to designate some of them as late. The findings stated that the firm failed to report the correct execution time to the NMC in late, last sale reports of transactions in OTC equity securities; failed to submit to the NMC, for the offsetting, "riskless" portion of "riskless" principal transactions in OTC securities, either a clearing-only report with a capacity indicator of "riskless principal" or a non-tape, non-clearing report with a capacity indicator of "riskless principal." The findings also stated that the firm incorrectly reported the second leg of "riskless" principal transactions as "principal" to the NMC. **(FINRA Case #2006004157601)**

Daiwa Securities America Inc. (CRD #1576, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it transmitted inaccurate data to OATS. The findings stated that the firm submitted limit orders with a limit order display indicator of "Y" (Yes), which indicated that it had received instructions from customers that a non-block limit order should not be displayed when no such instructions had been received. **(FINRA Case #2007008916801)**

Domestic Securities, Inc. (CRD #34721, Montvale, New Jersey) was fined \$10,000 and ordered to revise its Anti-Money Laundering (AML) policies and procedures and certify its compliance to FINRA within 30 days of the final decision, and quarterly for one year thereafter. The NAC imposed the sanctions following a call for review of an OHO decision. The sanctions were based on findings that the firm failed to develop and implement written AML policies and procedures reasonably designed to achieve and monitor compliance with the requirements of the Bank Secrecy Act and the Treasury's implementing regulations including policies and procedures to detect and report

suspicious activity. The findings stated that, while the firm had AML policies and procedures in effect for retail transactions, it did not have the requisite AML policies and procedures in effect for its market-marking activities. **(FINRA Case #2005001819101)**

Financo Securities LLC (CRD #128592, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$55,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to maintain copies of electronic communications as required by Section 17(a) of the Securities Exchange Act of 1934. The findings stated that the firm failed to create or maintain a written Business Continuity Plan (BCP) as required by NASD Rule 3510. **(FINRA Case #2008011738201)**

GFI Securities LLC (CRD #19982, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report to the Trade Reporting and Compliance Engine (TRACE) transactions in TRACE-eligible securities within 15 minutes of execution time. **(FINRA Case #2007010304701)**

Goldman Sachs Execution & Clearing, L.P. (CRD #3466, Jersey City, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$45,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it submitted route reports that OATS was unable to match to the corresponding new order the firm submitted because of inaccurate data. The findings stated that the firm incorrectly submitted a special handling code of "Not Held" to OATS, and submitted incorrect "NW," "RT" and "OR" reports. The findings also stated that the firm made a report available on the covered orders in national market system securities it received for execution from any person in which the firm made incorrect information available as to the average effective spread and average realized spread for execution of covered orders. The findings also included that the firm failed to report to the TRF the correct symbol indicating whether a transaction was a buy, sell, sell short, sell short exempt or cross for transactions in reportable securities. **(FINRA Case #2006005524101)**

H. Beck, Inc. (CRD #1763, Rockville, Maryland) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$17,500 and required to revise its written supervisory proceedings regarding OATS reporting. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to transmit required information to OATS. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning OATS reporting. **(FINRA Case #2007008928801)**

ITG Inc. (CRD #29299, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it accepted short sale orders in an equity security from another person, or effected a short sale in an equity security for its own account, without borrowing the

security or entering into a bona fide arrangement to borrow the security; or having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due; and documenting compliance with SEC Rule 203(b)(1) of Regulation SHO. **(FINRA Case #2006005191701)**

Merrill Lynch Professional Clearing Corp. (CRD #16139, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to properly compute and maintain its proprietary account of an introducing broker (PAIB) customer reserve formula requirements, causing its Special Reserve Bank Account for the Exclusive Benefit for its customers to be underfunded. The findings stated that the firm filed inaccurate Financial and Operational Combined Uniform Single (FOCUS) reports with the New York Stock Exchange. The findings also stated that the firm failed to make and maintain accurate records identifying proprietary accounts necessary for computation of its PAIB reserve formula requirement. The findings also included that the firm failed to provide for reasonable supervision of certain business activities to detect and prevent these violations. **(FINRA Case #2007009473301)**

Pacific Growth Equities (CRD #24835, San Francisco, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it published research reports about companies within 40 calendar days following the date of the subject company's initial public offering (IPO) when it had acted as the manager or co-manager of the IPO; or within 15 days prior to and after the expiration, waiver or termination of a lock-up agreement or any other agreement that it had entered into with a subject company or its shareholders that restricted or prohibited the sale of securities held by the company or its shareholders after the completion of a securities offering. The findings stated that the firm published research reports on various companies and failed to disclose whether it or any of its affiliates managed or co-managed a public offering for the company in the past 12 months, received compensation for investment banking services from the company in the past 12 months, or expected to receive compensation for investment banking services from the company within the following three months. The findings also stated that the firm published research reports on various companies and failed to disclose that it was making a market in the company's securities at the time the research report was published, and failed to establish and maintain adequate written supervisory procedures reasonably designed to achieve compliance with NASD Rule 2711. **(FINRA Case #2007007188601)**

Peacock, Hislop, Staley & Given, Inc. (CRD # 21477, Phoenix, Arizona) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it sold (bought) corporate bonds to (from) public customers and failed to sell (buy) the bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved and that the firm was entitled to a profit. **(FINRA Case #2006004983701)**

Stanford Group Company (CRD #39285, Houston, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$30,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to disclose in research reports that it had received compensation for investment services from the company during the 12-month period that preceded the publication of the research report. The findings stated that the firm failed to include required price charts in research reports, failed to disclose in research reports the valuation methods used to determine the stated price target and/or the risks that may impede achievement of the price target, and failed to disclose in research reports that it was making a market in the company's securities at the time the reports were published. The findings also stated that the firm failed to provide clear, comprehensive and prominent disclosures in published research reports regarding whether it or any of its affiliates, officers or employees held interests in the securities of the companies, or whether it had managed or co-managed a public offering of the companies' securities. The findings also included that the firm failed to adopt and implement written supervisory procedures reasonably designed to ensure that it and its employees reviewed and approved research reports prior to dissemination to the public. (FINRA Case #2007007168001)

Sterne, Agee & Leach, Inc. (CRD #791, Birmingham, Alabama) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$53,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to publish accurate order execution information in order type/size categories, failed to accurately classify orders for the purpose of calculating order execution information and to classify orders for calculating SEC Rule 605 data, failed to transmit required information to OATS, failed to transmit combined new order/order execution reports to OATS, and failed to transmit an execution report and new order reports to OATS.

The findings stated that the firm, when it acted as a principal, failed to provide written notification disclosing to its customers the commission equivalent, the reported price, that it was a market maker in each security, and that the transaction was executed at an average price. The findings also stated that the firm disclosed an incorrect capacity, incorrectly disclosed that the transaction was executed at an average price and failed to denote the correct price. The findings also stated that when the firm acted in an agency capacity, it failed to provide written notification separately disclosing commission and transaction fees. The findings also included that the firm transmitted reports to OATS that contained inaccurate execution times, failed to transmit cancel/replace events related to an OATS order and erroneously submitted a route report to OATS. FINRA found that the firm failed to report transactions in TRACE-eligible securities to TRACE within 15 minutes of execution time that the firm was required to report to TRACE, and reported to TRACE transactions in TRACE-eligible securities it was not required to report. FINRA also found that the firm failed to report information regarding purchase and sale transactions effected in municipal securities to the Real-time Transaction Reporting System (RTRS) within 15 minutes of time of trade. In addition, FINRA

determined that the firm failed to include the special capacity indicator when it reported transactions to the RTRS and improperly reported information it should not have when inter-dealer deliveries were “step outs” and, thus, were not inter-dealer transactions reportable to the RTRS. (FINRA Case #2006004292701)

Tradition Asiel Securities, Inc. (CRD #28269, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$18,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it double-reported transactions in OTC equity securities to the OTCRF and double-reported transactions in eligible securities to the NNTRF. The findings stated that the firm failed to report to the NNTRF the cancellation of trades previously submitted to the NNTRF; failed to report the correct trade-through exemption modifier for transactions in eligible securities; and failed to submit, for the offsetting, “riskless” portion of “riskless” principal transactions in designated securities, either a clearing-only report with a capacity indicator of “riskless principal” or a non-tape, non-clearing report with a capacity indicator of “riskless principal.” The findings also stated that the firm failed to provide written notification disclosing to its customers that transactions were executed at an average price. The findings also included that the firm failed to show the correct execution and entry times on brokerage order memoranda, and failed to preserve brokerage order memoranda for a period of not less than three years, the first two in an accessible place. (FINRA Case #2007010654301)

UBS Securities LLC (CRD #7654, Stamford, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it transmitted to OATS Reportable Order Events (ROEs) that were rejected by OATS for context or syntax errors, and the firm failed to repair most of the rejected ROEs. (FINRA Case #2006004145001)

Wedbush Morgan Securities (CRD #877, Los Angeles, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to timely report ROEs to OATS for secondary firm market participant identifiers. (FINRA Case #2006007031101)

Western International Securities, Inc. (CRD #39262, Pasadena, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$12,500, ordered to pay \$2,199, plus interest, in restitution to public customers, and required to revise its written supervisory procedures regarding fair prices and commissions. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it purchased or sold corporate bonds from or to customers and failed to purchase or sell the bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved and that the firm was entitled to a profit. The findings stated that the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations, and FINRA rules concerning fair prices and commissions. (FINRA Case #2006004976901)

Westrock Advisors, Inc. (CRD #114338, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to establish and maintain an adequate supervisory system, in that the firm failed to assign a supervisor to a registered representative and producing branch office manager, and failed to include in its written report of an inspection and review of a branch office certain required topics, including the testing and verification of its supervisory policies and procedures regarding the transmittal of funds between customers and registered representatives. The findings stated that the firm failed to establish, maintain and enforce written supervisory control procedures relating to the analysis and determination of whether producing branch office managers should have been subjected to heightened supervision, and the requirement that firms review and monitor the transmittal of funds between customers and registered representatives. **(FINRA Case #2006006719102)**

Individuals Barred or Suspended

Stanley James Allen Jr. (CRD #1243941, Registered Principal, Scottsdale, Arizona) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$15,000 and suspended from association with any FINRA member in any principal capacity for one year. Without admitting or denying the findings, Allen consented to the described sanctions and to the entry of findings that he failed to reasonably supervise an individual and to review transactions of a branch office's representatives for suitability. The findings stated that, as a result, Allen failed to detect or prevent the representatives from making unsuitable recommendations to invest in inverse floaters to public customers with little to no investment experience and conservative risk profiles. The findings also stated that the customers lost millions of dollars from the unsuitable recommendations.

The suspension is in effect from December 1, 2008, through November 30, 2009.
(FINRA Case #2006005546006)

Noah James Aulwes (CRD#1380136, Registered Representative, Cedar Rapids, Iowa) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for one year. The fine must be paid before Aulwes reassociates with any FINRA member following his suspension, or prior to any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Aulwes consented to the described sanctions and to the entry of findings that he engaged in outside business activity, for compensation, without prompt written notice to his member firm. The findings stated that Aulwes participated in private securities transactions without prior written notice to, and written approval or acknowledgement from, his member firm.

The suspension is in effect from December 1, 2008, through November 30, 2009.
(FINRA Case #2007009254101)

Patrick Allen Bruns (CRD #3048724, Registered Principal, Champaign, Illinois)

submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for six months. In light of Bruns' financial status, no monetary sanctions were imposed. Without admitting or denying the findings, Bruns consented to the described sanction and to the entry of findings that he engaged in private securities transactions, for compensation, without prior written notice to, or prior written approval from, his member firm.

The suspension is in effect from December 15, 2008, through June 14, 2009. **(FINRA Case #2007009303601)**

Raymond Michael Burghard (CRD #2546053, Registered Representative, Spring Hill, Tennessee)

submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Burghard consented to the described sanction and to the entry of findings that he engaged in unsuitable trading in public customer's accounts by engaging in purchases and sales of speculative securities without having reasonable grounds for believing that the recommendations were suitable in light of the customers' investment objectives, financial situation and needs. The findings stated that Burghard failed to respond to FINRA requests for information. **(FINRA Case #2007009157201)**

Laird Quincy Cagan (CRD #1605236, Registered Principal, Los Altos, California)

submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any member firm in any capacity for 10 business days. Without admitting or denying the findings, Cagan consented to the described sanctions and to the entry of findings that he failed to inform his member firm of securities accounts he maintained at other member firms. The findings stated that Cagan failed to provide written notice of his association with a member firm to the member firms where he maintained accounts.

The suspension was in effect from December 15, 2008, through December 29, 2008. **(FINRA Case #2007007144401)**

Gino Nick Chiappetta (CRD #2105561, Registered Principal, Northwood, Ohio)

submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for five business days. Without admitting or denying the findings, Chiappetta consented to the described sanctions and to the entry of findings that, while associated with a member firm, he loaned \$14,222.45 to public customers in violation of the firm's written procedures that prohibited its registered representatives from borrowing or lending to customers unless the customer is an immediate family member of the representative. The public customers were not related in any way to Chiappetta.

The suspension was in effect from December 15, 2008, through December 19, 2008. **(FINRA Case #2007009850501)**

Jun M. Chiu (CRD #2730745, Registered Representative, Ridgewood, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. The fine must be paid either immediately upon Chiu's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Chiu consented to the described sanctions and to the entry of findings that she paid \$3,125 to a public customer to settle a complaint the customer made, without her member firm's knowledge or approval.

The suspension was in effect from December 1, 2008, through December 12, 2008.
(FINRA Case #2007010948901)

Joseph A. DeFini (CRD #1612289, Registered Representative, Fort Lauderdale, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for 45 days. In light of DeFini's financial status, no monetary sanctions were imposed. Without admitting or denying the findings, DeFini consented to the described sanction and to the entry of findings that, without the public customer's knowledge or consent, he instructed a colleague to sign the customer's name to a replacement stock power form that removed the restrictive legend from shares of stock that the customer's spouse had already signed.

The suspension was in effect from December 1, 2008, through January 14, 2009.
(FINRA Case #2008012630201)

Justin F. Ficken (CRD #4059611, Registered Representative, Boston, Massachusetts) submitted an Offer of Settlement in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for two years. The fine must be paid either immediately upon Ficken's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the allegations, Ficken consented to the described sanctions and to the entry of findings that he failed to respond to a FINRA request to appear and continue an on-the-record interview.

The suspension is in effect from November 17, 2008, through November 16, 2010.
(FINRA Case #C1120040006)

Avidan Danny Fishman (CRD #2614469, Registered Principal, Encino, California) was fined \$2,500 and suspended from association with any FINRA member in any capacity for six months for willful failure to disclose information, and was fined \$2,500 and suspended from association with any FINRA member in any capacity for one month for failure to disclose outside business activities. The suspensions are to run concurrently. The fines are payable upon re-entry into the securities industry. The sanctions were based on findings that Fishman willfully failed to disclose material information on his Form U4 and his member firm's annual compliance forms. The findings stated that Fishman engaged in an outside business activity, for compensation, and failed to provide prompt written notice to his member firm.

The suspensions are in effect from November 17, 2008, through May 17, 2009.
(FINRA Case #2007008812801)

Elena Dumitra Grigoropol (CRD #2546855, Registered Representative, Bensalem, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for two months. The fine must be paid either immediately upon Grigoropol's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Grigoropol consented to the described sanctions and to the entry of findings that she affixed a public customer's signature on insurance forms without his authorization or consent.

The suspension is in effect from December 15, 2008, through February 14, 2009.
(FINRA Case #2008012569301)

Stephen Colley Harris (CRD #4016919, Registered Representative, Tuscaloosa, Alabama) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Harris consented to the described sanction and to the entry of findings that he falsified an annuity distribution request form by cutting signatures from another document and taping them to the form, then transmitting or causing it to be transmitted to the insurance company for payment. The findings stated that Harris forged a customer's initials without his knowledge, authorization or consent on a Subscription Agreement that the customer had previously signed, and then submitted it to the issuer. The findings also stated that Harris failed to respond to FINRA requests for information and to appear for an on-the-record interview. (FINRA Case #2007010303601)

Alan Lawrence Jacobs (CRD #1032488, Registered Principal, Boca Raton, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000 and suspended from association with any FINRA member in any principal capacity for 30 business days. Without admitting or denying the findings, Jacobs consented to the described sanctions and to the entry of findings that he failed to properly supervise the private securities transactions of registered representatives at his member firm and failed to ensure that the transactions were recorded on the firm's books and records.

The suspension was in effect from December 1, 2008, through January 13, 2009.
(FINRA Case #2006004949203)

Bobby Glenn James (CRD #1311728, Registered Representative, Parker, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$20,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon James' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, James consented to the described sanctions and to the entry of findings that he participated in private securities transactions outside the regular course and scope of his employment relationship with his member firms and did not provide written notice to, or obtain written approval from, his firms prior to engaging in the offer and sale of limited partnerships.

The suspension is in effect from December 1, 2008, through May 31, 2009. **(FINRA Case #2007007663902)**

James Jhun (CRD #5340474, Associated Person, Alta Loma, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 60 days. The fine must be paid either immediately upon Jhun's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Jhun consented to the described sanctions and to the entry of findings that he failed to disclose material information on his Form U4.

The suspension is in effect from December 15, 2008, through February 12, 2009. **(FINRA Case #2007009278101)**

Dennis Jordan (CRD #1420210, Registered Principal, Chipley, Florida) was fined \$60,000 and barred from association with any FINRA member firm in any principal capacity. The fine is due and payable if and when Jordan reassociates with a member firm in any capacity. The sanctions were based on findings that Jordan failed to establish, maintain and enforce an adequate supervisory system and written supervisory procedures with respect to the business conducted in a branch office; failed to establish, maintain and enforce written supervisory procedures reasonably designed to achieve compliance with the recordkeeping requirements of SEC Rule 17a-4 as it pertains to preserving electronic communications; failed to develop and implement adequate AML procedures to achieve and monitor its obligations under the Bank Secrecy Act and related U.S. Treasury regulations; and failed to report customer complaints to FINRA. **(FINRA Case #E072005005701)**

Michael D. Kirk (CRD #4299057, Registered Representative, Las Vegas, Nevada) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$2,500 and suspended from association with any FINRA member in any capacity for 10 business days. The fine must be paid either immediately upon Kirk's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Kirk consented to the described sanctions and to the entry of findings that he guaranteed a public customer against loss in connection with a securities transaction.

The suspension is in effect from January 5, 2009, through January 16, 2009. **(FINRA Case #2007010653301)**

Richard Francis Kresge (CRD #729077, Registered Principal, Bay Shore, New York) was barred from association with any FINRA member in any capacity. The NAC imposed the sanction in response to an SEC decision remanding the case for re-determination of sanctions. The sanction was based on previously established findings that Kresge failed to establish or maintain a system of supervision reasonably designed to achieve compliance with applicable securities laws, and failed to register an individual, either as a principal or a representative, who was actively engaged in the management of the firm's securities business as either a principal or representative of his member firm. The findings also included that Kresge failed to report customer complaints to FINRA.

The NAC considered Kresge's violations as a whole and imposed the sanction of a bar in response to the totality of the misconduct. The NAC weighed each violation, in addition to Kresge's "highly troubling" disciplinary history, and found a bar necessary "to protect investors." (FINRA Case #CMS20030182)

John Keith Kutsche (CRD #2634388, Registered Representative, Woodstock, Georgia) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Kutsche engaged in outside business activities without prompt written notice to his member firm. The findings stated that Kutsche failed to respond to FINRA requests for information and to appear for an on-the-record interview. (FINRA Case #2006006913501)

Madeline Marie Langlois (CRD #4799218, Registered Representative, Austin, Texas) submitted an Offer of Settlement in which she was fined \$5,000, suspended from association with any FINRA member in any capacity for two years, and required to retake and pass the Series 66 examination prior to again functioning in a capacity requiring such examination. The fine must be paid either immediately upon Langlois' reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the allegations, Langlois consented to the described sanctions and to the entry of findings that, contrary to the instructions given her, she left the testing center during the course of the Series 66 examination, reviewed written notes that contained material relevant to the examination, returned to the testing center and completed the examination.

The suspension is in effect from December 1, 2008, through November 30, 2010. (FINRA Case #2007009761301)

John Gilbert Marshall Jr. (CRD #2219233, Registered Representative, Mill Valley, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$7,500 and suspended from association with any FINRA member in any capacity for six months. Without admitting or denying the findings, Marshall consented to the described sanctions and to the entry of findings that he engaged in a private securities transaction despite his member firm's denial of authorization because the size of the investment would concentrate too much of a trust's assets in a single investment. The findings stated that Marshall requested his firm to wire the transaction amount to an outside bank account where it was invested in the hedge fund through Marshall's partner, knowing it was an unapproved private securities transaction. The findings also stated that Marshall failed to provide an accurate and complete response to his firm when asked why the trust was moving funds out of the firm.

The suspension is in effect from December 15, 2008, through June 14, 2009. (FINRA Case #2006006717101)

Shane David Mispel (CRD #4497514, Registered Representative, Grand Isle, Vermont) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. The fine must be paid either immediately upon Mispel's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Mispel consented to the described sanctions and to the entry of findings that, without his member firm's knowledge or consent, he borrowed \$20,000 from a public customer in contravention of his firm's procedures prohibiting the borrowing and lending money between a registered person and the firm's customers.

The suspension was in effect from December 1, 2008, through December 30, 2008. **(FINRA Case #2007008745801)**

Scott Louis Nazarino (CRD #2323480, Registered Representative, Sammamish, Washington) submitted an Offer of Settlement in which he was fined \$35,283.27, which includes disgorgement of \$25,283.37 in commissions received, and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Nazarino's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the allegations, Nazarino consented to the described sanctions and to the entry of findings that he engaged in unsuitable and excessive trading in a public customer's account. The findings stated that Nazarino recommended and effected the transactions in the account without reasonable grounds for believing that the transactions were suitable in view of the size of the transactions, the nature of the securities, the transaction costs incurred, the nature of the account, and the customer's financial situation, investment objectives and needs.

The suspension is in effect from December 1, 2008, through May 31, 2009. **(FINRA Case #2006004766701)**

David Randall Paul (CRD #4438776, Registered Representative, Woodinville, Washington) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. The fine must be paid either immediately upon Paul's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Paul consented to the described sanctions and to the entry of findings that he engaged in outside business activities without prompt written notice to his member firm.

The suspension was in effect from December 15, 2008, through January 13, 2009. **(FINRA Case #2007011115801)**

Miles Frederick Price (CRD #1707468, Registered Principal, Little Rock, Arkansas) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Price consented to the described sanction and to the entry of findings that he exercised discretionary power in two public customers' brokerage accounts without their prior written authorization and without his member firm's acceptance of one of the accounts as discretionary. The findings stated that, in order to conceal his exercise of discretionary power in one customer's account, Price created a false record indicating that the customer had authorized the transactions on the date when they were effected. The findings also stated that Price thereby knowingly entered false information in his firm's records to conceal his exercise of discretionary authority. **(FINRA Case #2007007748701)**

James Jay Robinson Jr. (CRD #1579422, Registered Representative, Elgin, Illinois) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Robinson failed to respond to FINRA requests for information. The findings stated that Robinson participated in private securities transactions without prior written notice to, and prior written approval from, his member firm. **(FINRA Case #2006006624301)**

Ruben Mariano Silva (CRD #1272907, Registered Principal, Santa Rosa, California) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Silva received \$5,302.40 from his insurance firm's customers, deposited the funds into his general business account and wrote checks on his account to make insurance premium payments for the customers. The findings stated that Silva failed to maintain sufficient funds in his account to cover the checks he forwarded to the firm. The findings also stated that Silva failed to apply the customers' insurance premium payments in a timely and proper manner, and used the funds to pay his own expenses by commingling customers' funds with his own. **(FINRA Case #2006007109801)**

Jeffrey Michael Stebbins (CRD #2575152, Registered Representative, Mesa, Arizona) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Stebbins consented to the described sanction and to the entry of findings that he failed to respond to FINRA requests to appear for an on-the-record interview and to provide information and documents. The findings stated that Stebbins knowingly provided false and/or misleading information in response to FINRA requests for information. The findings also stated that Stebbins engaged in his member firm's investment banking and securities business in capacities requiring registration as a representative and principal, but he was not registered in those capacities. There were also findings that Stebbins engaged in an outside business activity, for compensation, without prior written notice to his member firm. FINRA found that Stebbins had a beneficial interest in securities accounts maintained at other member firms and failed to disclose to the carrying broker-dealers that he was associated with FINRA members, and also failed to give his member firms written notification that he had a financial interest in securities accounts with the carrying broker-dealers. **(FINRA Case #2006004969703)**

Heidi Tabet-Goke (CRD #4689196, Registered Representative, Albuquerque, New Mexico) was barred from association with any FINRA member in any capacity. The sanction was based on FINRA's findings that Tabet-Goke misused \$3,102 in insurance premiums that she received from public customers. The findings stated that the funds were to be applied to payment of insurance premiums, and Tabet-Goke neither transmitted the funds to the insurance carrier nor returned them to the customers. The findings also stated that Tabet-Goke failed to respond to FINRA's requests for information. **(FINRA Case #2007008871101)**

Yvonne Thomas (CRD #1353826, Registered Representative, New York, New York) submitted an Offer of Settlement in which she was suspended from association with any FINRA member in any capacity for two years. In light of Thomas' financial status, no monetary sanctions were imposed. Without admitting or denying the allegations, Thomas consented to the described sanction and to the entry of findings that she willfully failed to disclose material information on her Forms U4.

The suspension is in effect from November 17, 2008, through November 16, 2010. **(FINRA Case #2006004375701)**

Salvatore Anthony Tiano (CRD #1867558, Registered Representative, Palm Beach Gardens, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. The fine must be paid either immediately upon Tiano's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Tiano consented to the described sanctions and to the entry of findings that he exercised discretion in customer accounts without written authorization, and contrary to his member firm's policy that prohibited exercising discretion in customer accounts without written authorization.

The suspension was in effect from December 15, 2008, through January 13, 2009. **(FINRA Case #2007009452701)**

Jeffrey Eugene Tipton (CRD #3271659, Registered Representative, Fresno, California) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Tipton failed to appear for a FINRA on-the-record interview. The findings stated that Tipton engaged in an outside business activity, for compensation, without prompt written notice to his member firm. The findings also stated that Tipton loaned \$600 to a public customer in breach of his firm's procedures that prohibited borrowing and lending transactions with customers. **(FINRA Case #2007008715001)**

Peter Edward Vallejo (CRD #4086813, Registered Representative, Gilbert, Arizona) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Vallejo consented to the described sanction and to the entry of findings that he failed to respond to FINRA requests for information. **(FINRA Case #2008013265201)**

Brian Mark Wacik (CRD #1667489, Registered Principal, Allentown, Pennsylvania) was barred from association with any FINRA member firm in any capacity, and ordered to pay \$40,842.78, plus interest, in restitution to a public customer. The sanctions were based on findings that Wacik borrowed \$45,000 from a public customer, contrary to his member firm's policy prohibiting registered representatives from borrowing from a customer, and concealed the loan from his member firm by falsifying a response on an annual compliance questionnaire, and failed to repay \$40,000 of the loan. The findings stated that Wacik willfully failed to disclose material information on his Form U4. **(FINRA Case #2006006537201)**

Derek Michael Whitley (CRD #4854389, Registered Representative, Sierra Vista, Arizona) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Whitley misused \$5,254.12 in insurance premiums he received from customers by failing to forward the funds to an insurance company or return the funds to the customers. The findings stated that Whitley failed to respond to FINRA requests for information. **(FINRA Case #2007009347101)**

Edward Darell Williams (CRD #5336232, Associated Person, Detroit, Michigan) submitted an Offer of Settlement in which he was fined \$7,500 and suspended from association with any FINRA member in any capacity for 18 months. The fine must be paid either immediately upon Williams' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the allegations, Williams consented to the described sanctions and to the entry of findings that he failed to disclose material information on his Form U4 and failed to respond timely to FINRA requests for information.

The suspension is in effect from December 1, 2008, through May 31, 2010. **(FINRA Case #2007009202401)**

Steven Edward Wisecarver (CRD #3199948, Registered Representative, Herrin, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Wisecarver consented to the described sanction and to the entry of findings that he submitted false documentation to his member firm's insurance affiliate to change public customers' addresses to his residential address and submitted falsified documentation requesting loans and accumulated dividend payments on the customers' insurance policies, all without their knowledge or consent. The findings stated that Wisecarver received \$58,000 total in checks payable to the customers, which he deposited into his bank account by forging the customers' signature endorsements, thereby converting the customers' funds to pay for his mortgage and personal bills, and not for the customers' benefit. **(FINRA Case #2007010935701)**

Lance Jeffrey Ziesemer (CRD #2342087, Registered Supervisor, Waconia, Minnesota) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Ziesemer consented to the described sanctions and to the entry of findings that, without permission or authorization from his member firm, he paid \$29,000 to public customers in an attempt to prevent them from filing a complaint against him with his firm.

The suspension was in effect from December 15, 2008, through January 13, 2009. (FINRA Case #2007008964901)

Decisions Issued

The Office of Hearing Officers (OHO) issued the following decisions, which have been appealed to or called for review by the NAC as of November 30, 2008. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed the decisions. Initial decisions whose time for appeal have not yet expired will be reported in the next *FINRA Notices*.

CMG Institutional Trading, LLC (CRD #47264, Chicago, Illinois) and Shawn Derrick Baldwin (CRD #4281564, Registered Principal, Chicago, Illinois). The firm was expelled from FINRA membership and Baldwin was barred from association with any FINRA member in any capacity. The sanctions were based on findings that the firm, acting through Baldwin, participated in securities-related activities without employing a qualified financial and operations principal (FINOP), and failed to maintain the minimum net capital of an underwriter. The findings stated that the firm, acting through Baldwin, failed to prepare accurate books and records; failed to prepare an accurate general ledger, accurate trial balances and accurate net capital computations; and filed an annual audit report and a quarterly FOCUS report late. The findings also stated that the firm, acting through Baldwin, had an inadequate AML compliance program, in that it failed to verify customer identification information obtained from customers, failed to have any independent testing of its AML program, did not contain a procedure for designating an AML compliance officer or for transmitting contact information to FINRA, and did not provide for AML training on at least an annual basis. The findings also included that the firm, acting through Baldwin, failed to file an application for approval of a material change in its business operations, although it participated in formal commitment underwritings that increased its minimum net capital requirement; disseminated advertising and sales literature that was false, misleading or had not been approved by a registered principal; and failed to create and maintain an adequate business continuity plan. FINRA found that the firm allowed Baldwin to actively engage in its securities business although his registration was inactive for failure to comply with FINRA's continuing education requirements. FINRA also found that the firm, acting through Baldwin, participated in municipal securities offerings without a registered municipal securities principal; failed to appoint such a principal as the Primary Electronic Mail Contact with the MSRB; failed to establish,

maintain and enforce adequate written supervisory procedures to ensure compliance with MSRB rules; failed to timely file a list of issuers with which it had engaged in municipal securities business with the MSRB; and failed to establish and implement an AML compliance program reasonably designed to achieve and monitor compliance with the requirements of the Bank Secrecy Act.

This decision has been appealed to the NAC, and the sanctions are not in effect pending consideration of the appeal. **(FINRA Case #2006006890801)**

Sam Aubrey Foreman Jr. (CRD #833002, Registered Representative, Pensacola, Florida) was fined \$10,000 and suspended from association with any FINRA member in any capacity for 30 business days. The sanctions were based on findings that Foreman settled a customer complaint away from his member firm and guaranteed the customer against loss.

This decision has been appealed to the NAC, and the sanctions are not in effect pending consideration of the appeal. **(FINRA Case #2007009445401)**

Complaints Filed

FINRA issued the following complaints. Issuance of a disciplinary complaint represents FINRA's initiation of a formal proceeding in which findings as to the allegations in the complaint have not been made and does not represent a decision as to any of the allegations contained in the complaint. Because these complaints are unadjudicated, you may wish to contact the respondents before drawing any conclusions regarding these allegations in the complaint.

Julianna Marie Shadinger (CRD #3215505, Registered Representative, South Bend, Indiana) was named as a respondent in a FINRA complaint alleging that, by use of the instrumentalities of interstate commerce or the mails, she made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, to public customers. The complaint alleges that Shadinger induced public customers to purchase high-yield money market funds with check-writing privileges when, in fact, the funds were invested in Class A shares of a front-end load mutual fund, which incurred fees against the accounts and Shadinger misrepresented the reason for the fees. The complaint also alleges that Shadinger negligently misled the customers to believe that they were investing in high-yield money market funds when they were actually purchasing Class A shares of a mutual fund. The complaint further alleges that Shadinger failed to establish and maintain available cash balances in the customers' accounts from which they could have written checks to cover expenses, but instead, she liquidated mutual fund shares positions to cover the checks, thereby exercising discretion over their accounts, without the customers' written authorization nor did her member firm accept the accounts as discretionary. **(FINRA Case #2006006045301)**

Firm Expelled for Failure to Pay Fines and/or Costs Pursuant to NASD Rule 8320

Walt Becker & Associates, Inc.
Fresno, California
(November 17, 2008)

Firm Suspended for Failing to Pay an Arbitration Award Pursuant to NASD Rule 9554

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Vision Securities Inc.
Melville, New York
(July 23, 2008 – November 5, 2008)

Firms Suspended for Failure to Pay Annual Assessment Fees Pursuant to NASD Rule 9553

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Ashton Capital Management, Inc.
San Diego, California
(November 12, 2008)

Axiom Management Partners LLC
New York, New York
(November 12, 2008)

Omni Financial Group, L.L.C.
Houston, Texas
(November 12, 2008)

Individuals Revoked for Failing to Pay Fines and/or Costs Pursuant to NASD Rule 8320

(If the revocation has been rescinded, the date follows the revocation date.)

Michael Joseph Becker
Farmingville, New York
(November 26, 2008)

Kevin Kreig Herridge
Somerville, New Jersey
(November 13, 2008)

Dexter Sinclair Johnson
Mt. Vernon, New York
(November 19, 2008)

Jordan Dean Main
Northville, Michigan
(November 14, 2008)

Robert Franklyn Malin
New York, New York
(November 13, 2008)

Individuals Barred Pursuant to NASD Rule 9552(h)

(If the bar has been vacated, the date follows the bar date.)

George Nickos Gounelas
Shirley, New York
(November 10, 2008)

Hsialoan Sharon Hsu
Wellesley, Massachusetts
(November 17, 2008)

Derek Joonbeom Kim
Diamond Bar, California
(November 19, 2008)

Individuals Suspended Pursuant to NASD Rule 9552(d)

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Stayka G. Doljeva
Glenview, Illinois
(August, 11, 2008 – October 10, 2008)

Wanda Latrice Gilmer
Berkeley, Illinois
(November 3, 2008)

Shawn C. Gorell
Jenks, Oklahoma
(November 7, 2008)

Hantao Mai
College Park, Maryland
(November 10, 2008)

Philip John Powers
Framingham, Massachusetts
(November 10, 2008)

Laryssa Danielle Summers
Muskegon, Michigan
(November 17, 2008)

Aaron Michael Thomas
Pomona, California
(November 24, 2008)

John Edward Underwood
Jonesboro, Georgia
(November 24, 2008)

Susan Marie Yuninger
Lititz, Pennsylvania
(November 10, 2008)

Individuals Suspended for Failure to Comply with an Arbitration Award or Settlement Agreement Pursuant to NASD Rule Series 9554

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Louis M. Gaudio
Lake Worth, Florida
(November 12, 2008)

Herbert Tyrone Hunt
Lyndhurst, Ohio
(November 12, 2008)

Mark Anthony Kern
Plantation, Florida
(November 6, 2008)

Brent Steven Lemons
Tyler, Texas
(November 12, 2008)

Juan Javier Maldonado
Cabo Rojo, Puerto Rico
(November 26, 2008)

Robert Joseph Mitchell
Glendale, New York
(November 6, 2008)

William Todd Rexrode
Houston, Texas
(November 19, 2008)

Jeffery Peter Torrice
Grosse Pointe Woods, Michigan
(April 18, 2005 – November 10, 2008)

James Byongmin Yim
Sparks, Nevada
(November 26, 2008)

Citigroup Global Markets Fined \$300,000 for Failing to Supervise Commissions Charged to Customers on Stock and Option Trades

Firm to Voluntarily Reimburse Affected Customers

FINRA has fined Citigroup Global Markets, Inc. of New York \$300,000 for failing to reasonably supervise the commissions its brokers charged on stock and option trades. Although not part of the formal sanctions, the firm has offered to reimburse affected customers.

One registered representative, Juan Carlos Hernandez, was barred by FINRA earlier this year in connection with the unreasonable commissions.

“Firms have an obligation to supervise with a view to compliance with FINRA rules as well as the firms’ own policies and procedures, including those governing commissions on customer orders,” said Susan Merrill, FINRA Executive Vice President and Chief of Enforcement. “In this case, Citigroup failed to instruct its brokers and supervisors as to the appropriate factors to take into consideration when they chose to compute commission charges that varied from the firm’s commission schedule. The firm also lacked adequate controls to prevent its brokers from charging more than what the firm had determined should be the reasonable commission for a trade.”

FINRA found that between 2002 and 2007, Citigroup utilized a “Commission Calculator” that computed commission charges on stock and options trades, taking into account certain factors such as the price of the security and the number of shares or options in the transaction. But FINRA found that prior to October 2007, Citigroup did not formally communicate the existence of its calculated commission rates to its brokers, nor did it ever communicate that the firm generally did not permit brokers to charge commissions that exceeded the rates the firm determined to be reasonable. In addition, there was effectively no firm-imposed limitation on the commissions a registered representative could charge for options trades. A sample of trading, including options trades, revealed commissions in excess of 20 percent for a small number of option trades.

In the case of those commissions which exceeded the firm’s calculated rates, Citigroup had no policies or procedures to identify and determine the appropriateness of the commissions pursuant to FINRA rules regarding the factors to consider in determining the fairness of commissions. Those factors include the price of the security and the amount of money involved in the transaction.

Citigroup also had no related supervisory procedures for its branch or regional supervisory employees. Branch management at the three branches investigated by FINRA Enforcement did not supervise for excessive commissions on individual trades on a regular basis.

As a consequence of the firm's inadequate supervision, during the period from April 2002 to January 2006, representative Hernandez charged approximately 27 customers commissions that were substantially in excess of the firm's calculated rate for appropriate charges. He overcharged one customer approximately \$1.2 million. In February 2006, the firm terminated Hernandez's employment. In March 2008, in a separate action by FINRA, Hernandez consented, without admitting or denying the charges, to findings against him and he was barred. Two other registered representatives in different branch offices also overcharged commissions on a repeated basis, but on a smaller scale.

In concluding this settlement, Citigroup neither admitted nor denied the charges, but consented to the entry of FINRA's findings.